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15 June 1959

MEMORANDUM FOR: Chairman, United States Intelligence Board

SUBJECT : Briefing Notes on Estimated Foreign Intelligence
Costs Paper To Be Considered at the USIB Meeting
of 16 June 1959

1. The Bureau of the Budget has compiled estimated foreign intelligence cost reports annually since 1954 making copies available to the Intelligence Agencies involved and to the President's Board of Consultants on Foreign Intelligence Activities.

2. Last year the House of Representatives Subcommittee on Appropriations for CIA, chaired by Mr. Cannon, requested a report showing the estimated costs of intelligence for the Government as a whole. You protested on the basis that CIA was not in a position to request such information from the various Agencies and that you had no authority to submit a report prepared by the Bureau of the Budget. At the insistence of Mr. Cannon that the information be furnished, the matter was discussed at an IAC meeting and it was decided to request each Agency to submit estimates independent of those given to the Bureau of the Budget. The

given to the Committee with a breakdown by Agencies.

3. This year the Committee requested a similar report covering Fiscal Years 1958, 1959 and 1960. On being informed that the USIB had

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appointed an Ad Hoc Working Group to study the problem the Clerk of the Subcommittee deferred action on the request.

4. The report as prepared by the Bureau of the Budget has been the subject of much controversy and the USIB member agencies have never accepted the report as being valid enough to be considered by others than the intelligence community.

5. At its meeting on 29 July 1958, the IAC appointed an Ad Hoc Working Group consisting of the following members:

Edward R. Saunders, CIA - Chairman
Joseph T. Barton, State
Austin Nisonger, State
William A. Smith, Office of the Secretary of Defense
Lt. Col. Ray C. Lewis, Army
Col. Nathan K. Holman, Army
Lt. Col. C. C. Mackemer, Air Force
Col. George Perry, Joint Staff
Dr. Charles Reichardt, AEC
Maffert Kuhnitz, FBI

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The above members were permitted to bring other members of their staffs to the meetings of the Working Group provided they had the required Top Secret Clearance. A total of six (6) meetings were held ranging from twelve (12) to twenty-one (21) in attendance. There were many differences of opinion which had to be resolved and the fifth and final draft of the paper which was submitted to USIB has the concurrence of all members of the Ad Hoc Working Group who had the responsibility of effecting proper coordination within their respective Agencies.

6. The approval by the USIB of the proposed procedures and report form recommended by the Ad Hoc Working Group will provide the means whereby

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estimated foreign intelligence costs can be obtained on an agreed uniform and timely basis based on accounting records of the past year.

7. The proposal has the concurrence of Gen. Cassidy, who expressed the views of the President's Board of Consultants on Foreign Intelligence Activities at one of our meetings and also the approval of Mr. Ecker, the Bureau of the Budget representative who attended two meetings.

8. In summary form the recommendations are:

- a. That the USIB establish a standing "Cost Estimates Committee".
- b. That the Cost Estimates Committee compile an estimated foreign intelligence cost report for Fiscal Year 1959 and each year thereafter after the close of the fiscal year and any special cost data reports which the USIB may require.
- c. That the Committee be authorized to adjust the format and content of subsequent reports if it is found to be necessary.
- d. That the report be distributed to the Bureau of the Budget and the President's Board of Consultants on Foreign Intelligence Activities.

9. The USIB will be faced with the question as to whether a copy of the annual report should be furnished to Mr. Cannon, Chairman of the House of Representatives Committee on Appropriations. As this will be the first report developed under our new procedures, it is recommended that the problem be considered after the Board has received the report from the Cost Estimates Committee. At that time it can be determined whether the full report or a summary of it will best serve the requirements of Mr. Cannon's Committee.

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c. That the Committee be authorized to adjust the format and content of subsequent reports if it is found to be necessary.

d. That the report be distributed to the Bureau of the Budget and the President's Board of Consultants on Foreign Intelligence Activities.

9. The question should be resolved as to whether a copy of the report should be furnished to Mr. Cannon, Chairman of the House of Representatives Committee on Appropriations.

*Paragraph
9 revised
19 June 1959.*

E. R. SAUNDERS
Chairman
Ad Hoc Working Group

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